

# The Institute of Public Accountants



**IPA** INSTITUTE OF PUBLIC  
ACCOUNTANTS<sup>®</sup>

6 February 2017

The Chairperson Auditing and Assurance Standards Board Level 14 530 Collins Street West MELBOURNE VIC 3000
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Dear Ms Kelsall

**Proposed Auditing Standard on ASA 2016-2 Amendments to Australian Auditing Standards (ED 07-16)**

**Introduction**

The Institute of Public Accountants (IPA) welcomes the opportunity to comment on the Proposed Auditing Standard ASA 2016-2 *Amendments to Australian Auditing Standards*.

We understand the proposed amendments affect either ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700); or ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report* (ASA 701).

**Comments**

We have no additional comments to make regarding the proposed amendment to ASA 700 for the inclusion of a new paragraph Aus 49.1 to clarify when the auditor's report must be dated.

We have the following comments to make regarding the proposed amendments to ASA 701:

1. We agree with the inclusion of a new paragraph Aus 5.1 to narrow the scope in respect of when key audit matters are communicated where a financial report contains consolidated and complete parent entity financial statements to the consolidated financial report.
2. The inclusion of a new paragraph Aus 5.2 states that paragraph 5 applies by the auditor determining and communicating key audit matters for the stapled security group financial report only. The second sentence of Aus 5.2 proposes that the auditor may elect to report key audit matters separately for each stapled issuer or other general purpose financial reports of listed entities within the stapled group and where the auditor elects not to do so, the auditor's report need not contain a key audit matter section.
3. We do not agree that the auditor may *elect* to report key audit matters with respect to a listed entity if a separate financial report is prepared. If the entity is a listed entity, paragraph 5 applies to the auditor determining and communicating key audit matters.

Further, the last sentence of the new paragraph Aus 5.2 seems to contradict this making it mandatory to apply paragraph 5 whether the stapled issuer or other listed entities in the group prepare separate financial reports or are presented in adjacent columns with

the group financial report.

4. We have no further comments in respect of the new paragraph Aus A2.1.

If you would like to discuss our comments, please contact me or our technical advisers Sonya Sinclair ([sonya@ecorac.com.au](mailto:sonya@ecorac.com.au)) or Colin Parker ([colin@gaap.com.au](mailto:colin@gaap.com.au)), GAAP Consulting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'V. Stylianou', with a stylized flourish at the end.

Vicki Stylianou  
Executive General Manager, Advocacy & Technical  
Institute of Public Accountants

## Appendix A

### Proposed Auditing Standard on ASA 2016-2 Amendments to Australian Auditing Standards - Comments on Specific Questions

*Q1: ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report paragraph 5, states that this Auditing Standard, applies to audits of general purpose financial reports of listed entities, while ISA 701 Communicating Key Audit Matters in the Independent Auditor's Report, applies to audits of complete set of general purpose financial statements. The impact of this difference, is that audited condensed Interim Financial Reports, fall within the scope of ASA 701 while they would not fall within the scope of ISA 701 as they do not constitute a complete set of general purpose financial statements.*

*Based on the impact of this difference, should ASA 701 paragraph 5, and elsewhere as appropriate, be amended to apply to audits of complete set of general purpose financial statements to be consistent with ISA 701?*

Yes, we believe ASA 701 paragraph 5 should be amended to apply to audits of complete set of general purpose financial statements as the intention of ASA 701 is to communicate key audit matters in respect of an audit of a (listed) entity for the reporting year on a complete set of general purpose financial statements.

*Q2: Are there any other issues on the application of ASA 701 which should be considered by the AUASB?*

We believe ASA 701 should not be limited to listed entities but should also apply to APRA regulated entities, other disclosing entities (not just listed entities) and ASF Licensees. These entities have a responsibility to report (or transact) to/with various stakeholders (for example, creditors, shareholders, unit holders and regulators) similar to listed entities.

*Q3: Is the Operative date appropriate?*

The operative date seems reasonable given it is the same operative date as ASA 700 and ASA 701 to which it applies.

*Q4: Have applicable laws and regulations been appropriately addressed in the proposed standard?*

We are not aware of any other laws and regulations that should be addressed in the proposed standard.

*Q5: Are there any references to relevant laws or regulations that have been omitted?*

The IPA is not aware of any laws or regulations that have been omitted under the auditing standards affected by the proposed changes.

*Q6: Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?*

The IPA is not aware of any laws or regulations that have been omitted that may prevent or impede the changes under the auditing standards affected by the proposed changes.

*Q7: What, if any, are the additional significant costs to/benefits for auditors and the business community arising from compliance with the requirements of this proposed standard? If there are significant costs, do these outweigh the benefits to the users of audit services?*

We have no other comments to raise in this area.

*Q8: Are there any other significant public interest matters that constituents wish to raise?*

We have no other comments to raise in this area.